

**UNITED NATIONS DEVELOPMENT PROGRAMME  
GLOBAL ENVIRONMENTAL FACILITY**

Project of the Governments of Bosnia-Herzegovina\*, Bulgaria, Croatia, Czech Republic,  
Hungary, Moldova, Romania, Slovakia, Slovenia, Ukraine, Federal Yugoslav Republic\*

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**PROJECT DOCUMENT**

Number: RER/96/G31/A/1G/31

Title: Developing The Danube River Basin Pollution Reduction Programme

Duration: 16 months

ACC/UNDP Sector and Subsector: 0400  
0410

GEF Theme: International Waters

Executing Agency: UN Office for Project Services

Estimated Starting Date: 15 August 1997

**UNDP and parallel financing**

**UNDP/GEF: \$ 3,900,000**

**EU: \$ 9,800,000**

**Total: \$13,700,000**

**Brief Description:** The immediate goal for this project is to prepare for funding pollution prevention and reduction activities to both restore the Danube River Basin and to protect the Black Sea environment. The main output will be prioritised pollution projects for co-financing by national and international sources, set within a strategic policy framework for the Danube and Black Sea Basin. This immediate goal is composed of four objectives which are to be achieved over a 16 month period: Objective 1: Complete the knowledge base for priority-setting; Objective 2: Review policy for protection (especially nature protection) of the Danube Basin and Black Sea; Objective 3: Increase public awareness and participation; and Objective 4: Develop the financing of the pollution reduction programme within the Danube Strategic Action Plan.

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On behalf of:	Signature	Date	Name/Title
UNOPS:	_____	_____	_____
UNDP:	_____	_____	_____
The Government:	_____	_____	_____

\* These two countries will be invited to participate in the project in mid-1997.

\*\* \$US 3.6 million were approved for 1996. US\$ 9.8 million are requested for 1997 and 1998 (see paragraph 149).

## **A. CONTEXT**

1. This is the Project Document for the GEF project 'Developing the Danube River Basin Pollution Reduction Programme'. It has been developed from the Project Concept for a GEF sponsored project which was approved by Senior officials of Danube countries attending the joint Task Force and International Commission meeting in Vienna on 25 - 26 July 1996. This Project Document, which received valuable input from the Interim Commission and several Danube DRPC Heads of Delegations, was reviewed, revised and approved by the Danube Country Program Coordinators in May, 1997. This project represents the GEF contribution to Phase 2 of the Danube Environmental Programme, a broad effort in which also Austria and Germany are involved.

2. The first phase of the Danube Programme (1992-96) concentrated on building regional cooperation for water management, evaluating and defining problems, implementing a basin-wide water quality monitoring strategy and establishing a warning system for accidental pollution. A major output of the first phase was the Strategic Action Plan (SAP), 1994. The SAP provides direction and a framework for achieving the goals of regional integrated water management expressed in the Danube River Protection Convention, also signed in 1994 and expected to come into force by 1997.

3. Regional assessments such as the ongoing Black Sea Transboundary Diagnostic Analysis indicate that the Danube River Basin is the largest pollution contributor to the Black Sea in general and the Western part of the Black Sea in particular. A significant fraction of the nutrients (58%-nitrogen, 66%-phosphorus) received by the Black Sea come from the Danube River and these loads have resulted in the occurrence of severe eutrophication problems. Pollution reduction targets and programmes therefore require to be established in order to reverse the degradation of the Black Sea environment, in accordance with the goals of the Danube SAP. The Danube River Protection Convention (Article 8) also foresees the need to develop 'joint action programmes ... aimed at the reduction of pollution loads both from industrial and municipal point sources as well as from non-point sources'. On the basis of current knowledge, it is expected that the pollution reduction targets needed to protect the Black Sea ecosystem will require significant efforts from both Black Sea and Danube countries, and will involve levels of investment significantly in excess of what is required to safeguard national interests only. Important instruments to reach this goal are in an advanced state of preparation; the drafts of the Ministerial Declaration and the Danube Basin Nature Conservation convention, for example. The first one is already in front of the Ministries concerned.

### **Expected results**

4. The results of successfully completing the present GEF Pollution Reduction Project for the Danube River Basin will include:

- National and basin-wide pollution reduction programmes for substances causing eutrophication (especially nitrogen and phosphorus ) coming from municipalities, industry and agriculture;
- National and basin-wide pollution reduction and ecological rehabilitation programmes for priority wetlands floodplains, and adjacent groundwater resources, and demonstration projects in cooperation with the European Union's Phare and Tacis Programmes;
- Revised Danube Strategic Action Plan which includes a policy linkages with the Black Sea Basin and specific pollution reduction targets for nitrogen and phosphorus;
- Increased public awareness and participation in pollution reduction activities related to the SAP and improved information accessibility and transparency;
- Strengthened capacity of environmental non-governmental organisations involved in Danube and Black Sea basin issues
- Prepared project documents and financing packages for a series of priority pollution reduction projects, and mechanisms for attracting additional international support;
- Improved international cooperation in the sustainable management of the Danube River Basin and Black Sea, including the integration of Bosnia-Herzegovina and the Federal Republic of Yugoslavia in international management of the Danube River Basin.

## **THE DANUBE RIVER BASIN**

5. The waters of the Danube River and its tributaries combine to make up a river-related ecosystem of high economic, social and environmental value. The main river is 2857 km long and drains a river basin of 817 000 km<sup>2</sup>. At the entrance to the Danube Delta the mean flow of the river is about 6550 m<sup>3</sup>/s within a range of 1610 m<sup>3</sup>/s to 15540 m<sup>3</sup>/s for extremes of low and high flow respectively. Within the Danube River Basin are all of Hungary, most of Romania, Austria, Slovenia, Croatia and Slovakia, and significant parts of Bulgaria, Germany and the Czech Republic, Moldova, Ukraine, Bosnia-Herzegovina and the Federal Republic of Yugoslavia. The latter two countries were not involved in Phase 1 of the Danube Programme. The Danube River Basin is shown in the attached Figure 1.

6. The River Basin includes numerous important natural areas such as wetlands and their groundwater resources, and floodplains, with a high number of endangered endemic plant and animal species. Results from Phase 1 of the Danube Programme show that biodiversity and landscapes (thus including cultural diversity) have declined significantly over the last 30 years with, for example, 40% fewer species of phytoplankton recorded in 1995 than in 1960. Despite this, the river basin still provides good habitat in places for 'islands' of higher diversity and abundance (e.g. rich populations of bivalves in the Iron Gates area and the Danube delta).

7. The river network supports drinking water supply (surface and subsurface, e.g. bank filtered water), agriculture, industry, fishing, tourism and recreation, power generation and navigation but it also receives the waste waters for a region with a population of about 85 million in thirteen different countries. During the period of centralised planning the main emphasis of Central and Eastern European Countries was on production and policies took little, or no account, of the degradation of the environment. The river system receives and transports considerable quantities of pollutants across national border and eventually into the Black Sea. In

the early 1990s, for example, it is estimated that more than 300 000 tonnes/year of nitrogen and around 40 000 tonnes/ year of phosphorus were discharged into the Black Sea, resulting in eutrophication of coastal waters, algae blooms, fish deaths, and economic losses to the tourism industry. Economic transition now on-going, including industrial and agricultural restructuring, creates an opportunity to change policies and practices to the benefit of the environment and of peoples' quality of life. The development of public awareness and of environmental policies that will ensure the sustainable development of the entire society is a challenge to countries in transition.

8. According to the Strategic Action Plan, the main problems in the Danube River Basin that affect water quality use are:

- high loads of nutrients and eutrophication;
- contamination with hazardous substances, including oils;
- microbiological contamination;
- contamination with substances causing heterotrophic growth and oxygen-depletion; and
- competition for available water.

9. Bosnia-Herzegovina and the Federal Republic of Yugoslavia represent special cases in terms of managing the Danube River Basin. Together with Croatia, they represent around 15% of the total basin area and account for significant quantities of transboundary pollution loads. Little is known about the state of the environment in these countries since the outbreak of war in Bosnia-Herzegovina in the early 1990s. Since the signing and implementation of the 'Dayton' Agreement, there is now an opportunity to broaden the international cooperation required in order to manage the Danube River Basin and to ensure adequate protection of the Black Sea.

## **DANUBE RIVER PROTECTION CONVENTION**

10. The Convention on Cooperation for the Protection and Sustainable Use of the River Danube (Danube River Protection Convention - DRPC) was signed by Danube countries and European Commission in Sofia in June 1994. The Signatories to the Convention agreed on 'conservation, improvement and the rational use of surface and groundwater in the catchment area', to 'control the hazards originating from accidents' and to contribute to reducing the pollution loads of the Black Sea from sources in the catchment area'. They also agreed to cooperate on fundamental water management issues by taking 'all appropriate legal, administrative and technical measures to at least maintain and improve the current environmental and water quality conditions of the Danube River and of the waters in its catchment area and to prevent and reduce as far as possible adverse impacts and changes occurring or likely to be caused'.

11. Nine parties must ratify the Convention before it comes into force. To date, six parties have done so. Until its entry into force, an interim International Commission (IC) was established to provide an impetus to regional cooperation. A (small) International Secretariat for the Interim Commission has now been set up in the Vienna International Centre, alongside the offices of the PCU. The entry into force of the Convention is expected towards the end of 1997

or in 1998. Until such date, the IC and its subsidiary bodies will be maximally involved and consulted by the PCU to the benefit of its projects.

## **ENVIRONMENTAL PROGRAMME FOR THE DANUBE RIVER BASIN**

12. The Environmental Programme for the Danube River Basin was established in 1991, with practical action starting in 1992. The aim of the Programme was to build regional cooperation for water management and to initiate high priority actions which would support the finalisation and implementation of the Danube River Protection Convention. The Programme is directed by a Task Force which consists of representatives of 11 Danube countries (Austria, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Moldova, Romania, Slovakia, Slovenia and Ukraine), Non-Governmental Organisations (NGOs), bilateral and international donors, and international financing institutions. Danube countries are represented on the Task Force by a Country Programme Coordinator (CPC) and the Head of Delegation for the Danube River Protection Convention. The Task Force is chaired by the European Commission.

13. A joint European Commission/ GEF funded Programme Coordination Unit (PCU) was established to implement and coordinate the Programme Work Plan approved by the Task Force. The Work Plan covered institutional strengthening, capacity building, NGO activities, water quality monitoring, data collection and assessment, accidental warning systems, pre-investment activities, applied research and preparation of the Danube Strategic Action Plan (SAP) and National Action Plans (NAPs). The Task Force set up three Sub-Groups to work on the following specific technical topics:

- to establish a regional monitoring system, including analytical quality control and information validation and exchange (the 'MLIM' programme);
- to set-up an Accident Emergency Warning System (AEWS) to provide international reporting of pollution accidents and other hazards;
- to create a basin-wide system for exchanging textual information relevant for decision makers and the general public ('DANIS' - see objective 3.2 below).

14. The main international contributors to the Programme were the European Union's Phare and Tacis programmes and the GEF. Danube governments provided substantial national expertise and financial and in-kind contributions to Programme activities. The first GEF contribution of US\$ 8.5 million for the project 'Environmental Management in the Danube River Basin' ended in June 1996. The objectives of this project were to develop adequate institutional and human resource capacity; management and analysis of data related to the pollution situation in the Basin, and preparation of pre-investment studies and the Strategic Action Plan for the River Basin. The World Bank implemented the component related to investments.

15. The Phare Programme contributed MECU 13.4 (US\$ 15.2 million) to Phase 1 of the Programme. These funds supported training, project planning for infrastructure development, institutional capacity-building, protection and rehabilitation of wetlands and vulnerable ecosystems, and the preparation of the Strategic Action Plan. In addition, in 1996, the Tacis Programme allocated MECU 1 (US\$ 1.14 million) for monitoring-related activities in Moldova and Ukraine. Financial contributions to the Programme were also made by the European Bank

for Reconstruction and Development, the Governments of Austria, the Netherlands, the USA, and the private Barbara Gauntlett Foundation. Task Force NGOs contributed to the work through providing their expertise and making relevant reports available.

## **THE STRATEGIC ACTION PLAN FOR THE DANUBE RIVER BASIN 1995-2005**

16. The Strategic Action Plan (SAP) was endorsed in Bucharest on 6 December 1994 by Environmental Ministers from the Danube countries and the EU Commissioner responsible for the Environment. It was prepared by a drafting group including experts from Danube countries, donors and International Financing Institutions. The Task Force steered the process and finalised the SAP during an intensive series of meetings in 1994. The whole drafting process included two rounds of consultative meetings in all countries involving NGOs, representatives of industrial enterprises and municipal utilities, central and local environmental authorities.

17. The principles underlying goals and actions of the Plan include the precautionary principle; the use of Best Available Technologies (BAT) and Best Environmental Practice (BEP) for control of pollution at source; the polluter pays principle (PPP); and a commitment to regional cooperation and shared information among partners implementing the Action Plan. The SAP lays out strategies for overcoming water-related environmental problems in the Danube River Basin. It strongly supports the process of cooperation and collaboration to address transboundary problems. It provides a framework for actions and policy changes to be implemented by relevant local and central authorities in Danube countries as well as a framework to identify environmental activities and investments needs.

18. The SAP has four equally important goals:

- to reduce the negative impacts in the Danube River Basin and on riverine ecosystems and the Black Sea;
- to maintain and improve the availability and quality of the water in the Danube River basin;
- to establish the control of hazards from accidental spills;
- to develop regional water management cooperation.

19. To achieve these goals the SAP identified short and medium term actions to be implemented, and provided an inventory of pollution hot-spots, wetlands which benefit water quality, and problems in most urgent need of attention. The SAP states that 'nutrient and pollution loads coming from the river must be reduced if the health of the whole system, including that of the delta and Black Sea, are to be restored'. National Action Plans have been prepared to implement the SAP at the national level. No specific targets for pollution reduction by priority substances and sectors were set in the SAP.

## **RESULTS OF PHASE 1 OF THE DANUBE PROGRAMME (1992-96)**

20. The following provides a summary of the main results achieved by the Danube Environmental Programme:

## **Institutional Strengthening**

- Establishment of the Danube Task Force. This has promoted active and strong networking among ministries, national and local governmental bodies, industries, agricultural bodies and non-governmental organisations in the Danube River Basin and within each Danube country;
- Support was provided to Danube countries in their negotiations on the Danube River Protection Convention, its Interim Commission and International Secretariat;
- Ministries of Environment have been supported to set-up Danube 'coordination offices' through the provision of additional experts, training, and computer and communication equipment;
- Training on environment industry relations and enforcement of pollution control regulations was provided for industrial managers and environmental inspectors in all Danube Countries;
- Management Training for staff of municipal water utilities in all Danube Countries to address cost recovery and investment planning was provided;
- Structures and procedures have been established to enable a transfer of responsibility to the interim International Commission and its Secretariat to begin in the future for Programme tasks which fall under the Convention's competence.

## **Policy development**

- Adoption of the Strategic Action Plan for the Danube River Basin by the Ministers of Environment and the EU Environment Commissioner in December 1994;
- National Action Plans prepared in each Danube country by the end of 1996;
- Increased awareness of the policy directions required to integrate agriculture and environment policies, and to address human health issues related to transboundary pollution;

## **Improving the knowledge base/ information exchange**

- A Basin-wide monitoring system has been established, and laboratories and monitoring stations strengthened with new equipment and staff training programmes. Reliable information is starting to be produced by the basin-wide monitoring system.
- An Accident Emergency and Warning System for the Danube basin has been established. National structures for identifying and dealing with accidental pollution have also been strengthened and linked to the international warning system.
- The Danube Information System (DANIS) for exchange of textual information on institutions, experts, reports, technical literature etc., among the Danube countries has been set-up and is available through a Web site on the Internet;
- The Applied Research Programme (ARP), consisting of 12 related projects, is in operation, and has already provided valuable information on causes of environmental degradation and the strategies required to improve environmental management in the region. Notably the ARP has enabled the development of the Danube Water Quality Model (DWQM) for analysis and quantification of pollutant loads to the Black Sea - see below.

## **Investment promotion**

- Pre-feasibility studies were prepared for fourteen major transboundary and national tributaries to the Danube River. These led to the identification of the 180 hot-spots in the Strategic Action Plan. A small number of hot-spots have already been addressed through investment projects;
- The SAP and NAPs provide a framework for environmental investment in each Danube country. They provide additional justification for national governments to allocate scarce resources to reduce transboundary pollution loads.

## **Supporting Public Participation**

- Eight ‘Danube Watch’ newsletters and a brochure ‘Action for a Blue Danube’ were published and distributed to more than 4000 people in more than 20 countries. These publications have provided the Danube programme with an international voice and impact;
- An NGO Danube Small Grants Programme was successfully initiated and more than 120 grants were made available for projects to raise awareness to Danube Basin issues;
- Support was provided to establish the Danube Environmental Forum, an ‘umbrella’ organisation for more than 30 NGOs in all Danube countries;

## **Danube Water Quality Model (DWQM)**

- One of the results of the Applied Research programme carried-out under Phase 1 of the Programme has been the development of the Danube Water Quality Model (DWQM). The DWQM, based on the general purpose river model DELWAQ, provides a mass transport balance for selected pollutants, nutrients, etc., and currently considers the river as composed of 40 segments; each tributary is dealt with as a point source and so are the major hot-spots. Preliminary results from the DWQM indicate that for pollution reduction, a 40% decrease in nutrient levels (compared with the 1989-1991 situation) may be required in order to reduce significantly the occurrence of eutrophication in the Black Sea coastal areas. The results also indicate that phosphorus is the priority nutrient with regard to pollution load reduction, although in the Black Sea nitrogen is also very important. These preliminary results will be confirmed, and adjusted as required, during the activities under Objective 1 of this present project and used in the preparation of Pollution Reduction Programmes and financing strategies in each Danube countries.

## **STRATEGIC ACTION PLAN IMPLEMENTATION PROGRAMME (SIP)**

21. The SIP was developed in 1996 by the National Programme Coordinators with the support of the Danube Environmental Programme. The SIP is a programme of demonstration projects which support the implementation of the Strategic Action Plan. The Phare Programme is providing funds to implement several of the demonstration projects identified, as well as continued funding for basin-wide activities for the MLIM regional monitoring system and the AEWS.



22. The SIP includes a brief review of transboundary problems. However, it does not provide sufficient information about priorities for transboundary concerns, as required by the GEF Operational Strategy. Consequently, a preliminary Transboundary Diagnostic Analysis was carried out by UNEP under a joint UNEP/UNDP PDF project in late 1996. The main problems identified include:

- transfer of gross pollution from inadequately treated urban waste waters; pollution by metals and organic substances from untreated industrial waste waters; high loads of nitrates from agriculture and phosphates from sewage and large animal farms affecting many tributaries and constituting the major factor in eutrophication of Eastern basin of the Black Sea;
- reduced and regulated flows from upstream hydropower plants combined with interruption to natural sediment flows leading to bank erosion and lowering of the stream bed downstream, and damage to wetlands, groundwater resources and river ecosystems.

23. Further review is required to quantify the origins and impacts of the transboundary pollution. Efforts are also needed to define the 'baseline environmental commitments' (which have to be funded domestically or through donors or loans), and those activities which are additionally required to solve the priority transboundary problems. This will determine the degree of potential GEF contribution to implementing a comprehensive ecosystem-based approach for managing the Danube River Basin according to the GEF Operational Strategy. This is reflected in the approach taken by this present project.

## **B. PROJECT JUSTIFICATION/RATIONALE FOR GEF SUPPORT**

### **Regional Cooperation**

24. Responsibility for Danube Programme activities which fall under the competence of the Danube River Protection Convention will be transferred to the International Commission once the Convention enters into force or soon after. This process may begin towards the end of 1997. The Secretariat to the Convention will also start to build-up its capacity from this time. However, there will be a transition period during which the Programme and PCU will be required to support the Commission and Secretariat until they are fully operational and sustainable financing structures established. They may do this, inter alia, by providing support to the Interim International Commission's emission working group, whose expertise will be called upon in achieving the different project objectives, especially as regards the completion of the knowledge base, and the development of a pollution prevention and reduction programme. Therefore, there is a need for this GEF project to continue for a limited time period to support the institutional structures for managing the transboundary pollution problems of the Danube river Basin.

25. Furthermore, the transition process from centrally planned to market economies is not yet complete in all Danube countries. Severe economic difficulties are being faced in several countries, especially the lower basin region where pollution problems are also relatively severe. The cases of Bosnia-Herzegovina and Federal Republic of Yugoslavia present additional needs in the River Basin in this sense. These countries need support to be able to integrate themselves into the international agreements made for managing the Danube River and the pollution

reduction action which this implies. This integration is required urgently if the basin-wide pollution impacts on the Black Sea are to be successfully addressed. Therefore there is a need for this GEF project to support the strengthening of regional cooperation among countries in the Danube River Basin during these transition processes.

### **Policy development**

26. The Danube SAP and DRPC together provide the framework for strategic environmental management in the Danube River Basin. Both recognise the importance of reducing pollution impacts to the Black Sea. However, neither the SAP nor the Convention set specific targets for priority pollutants and sectors which will be required to achieve the goals set. Without tackling this area of environmental policy, degradation of the Black Sea ecosystem will continue and global benefits will be lost. Therefore there is a need for this GEF project to promote policy development in the region by completing the knowledge base regarding the Danube contribution to priority pollutant loads to the Black Sea and by stimulating policy discussions required to update the Danube SAP.

### **Public participation**

27. The emergence of effective public information and participation has started under Phase 1 of the Danube Programme. However public participation in environmental management has not yet reached a level where it is sustainable within the Danube River Basin and Black Sea. This is because it takes time for governmental and non-governmental organisations to build confidence and to develop means of working together (despite not always agreeing with each other). Public access to information and awareness to transboundary pollution issues also requires to be considerably strengthened. This is necessary because ultimately it is the tax payers in each country who will have to pay for the measures required to protect the Danube River Basin and the Black Sea. Therefore there is a need for this GEF project to strengthen public participation and information provision to enable these aspects to become self-sustaining in the future.

### **Investment in pollution reduction**

28. Environmental investment is beginning to be seen in Danube countries, but is still at a very low level. Only very few of the 180 hot-spots requiring investment identified in the SAP have been addressed through actual projects. To address the problem of eutrophication in the Danube river Basin and the Black Sea, it is necessary to stimulate investment in projects which will reduce the loads of transboundary nutrients in the Danube River, and phosphorus loads in particular. Hot-spots which discharge directly into the Danube River, in the lower Danube basin, are of particular concern in this respect. Additional financing resources are required at national and international level to carry-out these transboundary pollution reduction projects which have global as well as national benefits. Therefore there is a need for this GEF project to stimulate investment in pollution reduction projects throughout the Danube River Basin.

## **Ecological rehabilitation**

29. Biodiversity and Landscape diversity in the Danube River Basin have significantly declined since 1960 due to pollution and habitat loss. River marginal habitats in particular (e.g. wetlands and floodplains) have been reduced through various river engineering works and agricultural development. The maintenance of a network and range of habitats - in accordance with the Pan European Biological and Landscape Diversity Strategy adopted by the Ministerial Conference in Sofia 1995 - in the river basin is important for the ecological functioning and integrity of the River Basin and to reduce the impact of transboundary pollution and flooding. Wetlands and floodplains also provide important areas for recreation for local communities (e.g. fishing, canoeing). Ecological rehabilitation in the Danube River Basin will provide both national and global benefits. Therefore there is need for this GEF project to promote action to increase the area of wetland and floodplain habitat, and the services they provide, in the River Basin.

## **Rationale for GEF Support**

30. This project is fully consistent with the Waterbody-Based Operational Programme of the GEF Operational Strategy. It responds to Governments requests, both through the existing short-term action plan and the medium/long-term Strategic Action Plan, which it will help to implement. This project will help facilitate the development of the GEF strategic Black Sea Basin approach. GEF funding for this project would contribute to the elaboration of a strategic framework for a large programme of investment in the Basin during the project implementation period, particularly in municipal waste management and it will also lay the foundation for a longer programme of investments over time in this and other areas. The project is also expected to have considerable benefits as a model project for management of international river basins elsewhere in the world.

## **C. DEVELOPMENT OBJECTIVE**

30. The overall long-term goal of this new GEF project is to stimulate sustainable, institutional and financial arrangements for effective environmental management of the Danube River Basin, in accordance with the International Waters Strategy of GEF Operational Strategy and the International Waters Operational Programme #8, Waterbody-based.

## **D. IMMEDIATE OBJECTIVES, OUTPUTS & ACTIVITIES**

31. The immediate goal for this project is to prepare for funding pollution prevention and reduction activities required to both restore the Danube River Basin and to protect the Black Sea environment. The main output will be prioritised pollution reduction projects for co-financing by national and international sources, set within a strategic policy framework for the Danube and Black Sea Basin. This immediate goal is composed of four objectives which are to be achieved over a 16 month period:

Objective 1: Complete the knowledge base for priority-setting;

Objective 2: Review policy for protection (especially nature protection) of the Danube Basin and Black Sea;

Objective 3: Increase public awareness and participation;

Objective 4: Develop the financing of the pollution reduction programme within the Danube Strategic Action Plan

32. The fifth component of the project will provide for the management required to achieve the four objectives given above. Project management will cover the financing of staff, accommodation, equipment and operating costs at the Programme Coordination Unit operated jointly with the European Union's Phare and Tacis programmes. The five elements of this project will be carried-out according to a detailed work plan which will be developed by the Project Management. A preliminary project implementation schedule is presented in the attached Figure 2.

## **OBJECTIVE 1: COMPLETE THE KNOWLEDGE BASE FOR PRIORITY-SETTING**

### **Sub-objective 1.1: Update National Reviews and analyse National Action Plans, using a common format.**

33. The aim of this sub-objective is to complete the information required for the analysis of priority pollution loads in the Danube river basin and to establish national commitments to pollution reduction.

34. Under Phase 1 of the Danube Programme, a number of activities were set up to provide the scientific background information for transboundary pollution to transboundary rivers, the Danube river itself and to the Danube Delta and the Black Sea. Results from these activities have been used in the preparation of this project, and others will continue to be reported to the Task Force during 1997 and 1998. These results will be incorporated into the GEF project as they become available.

### Activities

#### *1.1.1 Update National Reviews focusing on priority pollutants/ sectors agreed in SAP.*

35. National Reviews were prepared in 1992-93 by all countries then participating in the Danube Programme. These documents formed the basis for all subsequent project activities. They included analysis of the Danube water system and the impacts on it from economic sectors in each country. An updated, technical basis which is the same for all countries is required to support future policy discussions, in particular for a refinement of the Danube Strategic Action Plan (SAP) which is due after December 1997 (Danube SAP, Executive Summary, p. ix).

36. An activity is therefore required to also update the National Reviews (NRs). Knowledge gained in the preparation of National Action Plans and the Danube Applied Research Programme provides a basis for this. This will be carried-out by Teams of National Experts under the supervision of the CPC and with input from the Interim International Commission. The updated NRs will focus on analysing existing information on priority substances and sectors affecting the

Danube River Basin and the Black Sea, including: nutrients (especially phosphorus) from agriculture and municipalities, and hazardous substances, oils, and oxygen-depleting substances coming from municipalities, agriculture and industry. An agreement on a common methodology for working out national nutrient budgets will be sought. Information on the presence of phosphorus traps at municipal waste water treatment plants, and whether they are planned to be installed or not will be specifically included. Priority attention will also be given to the extent and ecological state of wetlands and floodplains in each country. Their function as a trap for nutrients will be evaluated. The NR activity will also require each country to provide data on water quality, emissions and the water system in a pre-defined (electronic) format required for input into the Danube Water Quality Model (DWQM). The DWQM is a result of the Danube Applied Research Programme and will be a key tool in the finalisation of the Transboundary Diagnostic Analysis. It will be reviewed by a meeting of national experts from all Danube countries.

37. The main tasks to be undertaken are:

- Task A. Format for National Reviews to be prepared. This will include the electronic formats for substance, emissions and water system data required by the DWQM. Responsibility: PCU (assisted by a team of national experts, using the MLIM procedures as an example).
- Task B. National Teams to prepare the NRs according to the formats provided. Responsibility: CPC (assisted by National Team consultants). Consultation with NGOs and the public will be held in each country to review the draft National Review and to provide additional input.
- Task C. Water quality, emission, and water system data to be validated and then introduced into the DWQM. Analysis of the longitudinal concentration profiles, in-stream loads and export to the Danube Delta and Black Sea, and formulation of initial pollution reduction scenarios will be carried-out. Responsibility: PCU (assisted by consultant).

38. The output from this activity will be 11 updated National Reviews and an extended and improved Danube Water Quality Model for analysis of transboundary pollution loads and export to the Danube delta and Black Sea.

#### *1.1.2 Prepare National Reviews for Bosnia-Herzegovina, the Federal Republic of Yugoslavia and Croatia.*

39. Bosnia-Herzegovina and the Federal Republic of Yugoslavia are expected to become fully participating members of the Danube Programme. The first activity required of these countries will be to prepare National Reviews in the same format as those prepared by the other Danube countries. This will be carried-out by National Teams of consultants under the supervision of the CPC. The National Reviews of Bosnia-Herzegovina, the Federal Republic of Yugoslavia and Croatia are important to the success of the Danube Programme as they represent a significant part of the total basin area (circa 15%) and are sources of considerable pollution to the water system. Information from the National Review provided under this activity will be crucial in the SAP review process. The NR activity will also require both countries to provide data on water

quality, emissions and the water system in the pre-defined (electronic) format required for input into the Danube Water Quality Model (DWQM).

40. Due to the rapidly changing political situation in both countries, these activities may take place in parallel with other Danube countries (under activity 1.1.1), or may be carried-out later as soon as circumstances permit.

41. The main tasks to be undertaken are:

- Task A. Format for National Reviews to be prepared in a common standard (done as part of activity 1.1.1). This will include the electronic formats for substance, emissions and water system data required by the DWQM. Responsibility: PCU (assisted by national experts).
- Task B. National Teams to prepare the NRs according to the formats provided. Consultations with NGOs and the public will be held in each country to review the draft National Review and to provide additional input. Responsibility: CPC (assisted by National Team consultants).
- Task C. Water quality, emission, and water system data to be validated and then introduced into the DWQM. Analysis of the longitudinal concentration profiles, in-stream loads and export to the Danube Delta and Black Sea, and formulation of initial pollution reduction scenarios will be carried-out. Responsibility: PCU (assisted by consultant).

42. The output from this activity will be 2 National Reviews and an extended and improved Danube Water Quality Model for analysis of transboundary pollution loads and export to the Danube delta and Black Sea.

*1.1.3 Definition of national baselines contribution through analysis of national policies, projects, investments, etc. defined in National Action Plans (NAPs).*

43. The National Teams preparing the National Reviews will also undertake a review of all existing and planned investments at the national level in each country. This is required to provide the baseline against which global benefits from reducing transboundary pollution can be calculated. This review will be based on the information provided in existing National Action Plans, prepared under Phase 1 of the Danube Programme. The National Teams will focus on current or planned investments for the next 5-10 years which will reduce the pollution of the Danube River Basin by priority substances (nutrients) and/or from priority sectors (agriculture, municipalities, industry) agreed in the SAP. Priority attention will be given to actions which will affect the level of phosphorus and nitrogen emissions. Other activities such as wetland restoration which are expected to produce a transboundary pollution reduction should also be included in the analysis. This activity will also require each country to provide data on expected emissions reduction as a result of these current or planned investments or other activities in a pre-defined (electronic) format required for input into the Danube Water Quality Model (DWQM).

44. The main tasks required are:

- Task A. Format for preparing the National Baselines to be prepared. This will be linked to the electronic formats for substances and emissions in the DWQM. Responsibility: PCU (assisted by consultant and EMIS/EG).
- Task B. National Teams to prepare the National Baselines according to the formats provided. Consultation with NGOs and the public will be held in each country to review the draft National Baseline and to provide additional input. Responsibility: CPC (assisted by National Team consultants and EMIS/EG).
- Task C. Emission reduction data to be validated and then introduced into the DWQM. Analysis of the pollution reduction expected through existing or planned national investments or other activities to be carried-out. Responsibility: PCU (assisted by consultant and EMIS/EG).

45. The output of this activity will be a calculation of the national baselines for pollution reduction from priority substances (especially phosphorus) impacting the Danube River Basin and Black Sea.

### **Sub-objective 1.2: Complete the Transboundary Diagnostic Analysis (TDA)**

46. The aim of this sub-objective is to provide an agreed, basin-wide (quantified) analysis of the priority environmental issues in the Danube River Basin, and its impacts on the Black Sea. It is expected that input from the Emissions Expert Group of the Interim International Commission (IC) will help to steer this activity.

#### Activities

##### *1.2.1 Prioritisation of 'Hot-spots'*

47. The SAP contains a list of environmental hot-spots. These hot-spots are emission sites which generally are either significant point sources of pollution, or areas where significant impact is seen from one or more human-related activities. No screening or prioritisation of hot-spots is provided in the 1994 SAP. However in 1996 under Phase 1 of the Danube Programme a methodology was devised to prioritise hot-spots in the Danube River Basin. A further prioritisation exercise is required under the GEF project to identify those projects which if completed will bring greatest pollution reduction from nutrients (especially phosphorus) in the Danube River Basin and the Black Sea. Particular attention will be given to hot-spots which discharge directly into the Danube River in the middle and lower Basin area.

48. The following tasks will be carried-out:

- Task A. Adapt as required the hot-spot screening methodology to enable prioritisation of hot-spot projects for pollution reduction by phosphorus and, in second line, nitrogen. Responsible : PCU (assisted by consultant and IC steering group).

- Task B. Confirm any changes in the SAP hot-spot list in each Danube country and update the list. Responsible: CPC (assisted by consultant and IC steering group)
- Task C. Prepare a list of prioritised hot-spot projects for pollution reduction of phosphorus and nitrogen for incorporation into the Transboundary Diagnostic Analysis. Responsible: PCU, assisted by consultant and IC steering group.

49. The output of this activity will be a prioritised list of hot-spots relevant to the pollution reduction programme in the Danube River basin.

### *1.2.2 Develop extended Danube Water Quality Model for priority pollutants*

50. Validation and analysis of the information used and produced by the DWQM is required to ensure a sound technical basis for policy discussions. Various techniques will be used to cross check the model results (e.g. with national substance balances) and to extend the analysis capabilities to enable pollution reduction scenarios to be formulated for priority sectors. Key outputs to be validated include the transboundary pollution loads (nutrients - especially phosphorus -, hazardous substances (or COD), oils, BOD), export to the Danube Delta and Black Sea, effects of emission reduction from individual hot-spots and across economic sectors, the impact of other measures (e.g. wetland rehabilitation) and the certainty/ uncertainty of results produced. It is recognized that, given the need for continued acquisition of long time series of relevant and quality data, the validation and verification processes begun in the project will likely continue beyond the project time frame as more and improved data is acquired and the DWQM model further improved.

51. The main tasks to be undertaken are:

- Task A. Begin validation of DWQM results. Responsibility: PCU (assisted by consultant).
- Task B. Extend the analysis capability to enable pollution reduction scenarios and their results to be formulated for priority sectors, hot-spots and other measures. Responsibility: PCU (assisted by consultant).

52. The output of this activity will be a substantially validated Danube Water Quality Model capable of quantifying transboundary pollution loads in the Danube River Basin and export to the Black Sea, ready for discussion and approval as a management tool by all Danubian countries.

### *1.2.3 Assess the priority sites for wetland/ floodplain restoration for pollution reduction and ecological rehabilitation*

53. The updated National Reviews will contain information about main wetlands and floodplain sites in the Danube River Basin. This will supplement knowledge gained through the wetlands management projects carried-out under the SIP. Wetlands and floodplains provide many valuable services, of which pollution reduction, nature conservation and recreation space are of high importance in the Danube River basin. To fulfil these roles, and other such as flood retention, a sufficient network of wetlands and floodplains, including a suitable range of habitat, must be maintained within the Basin.



54. At present the Danube River and its main tributaries are managed in such a way as to 'flush-out' a large proportion of river water from the river basin quickly. This serves navigation and immediate (i.e. not downstream) flood management purposes. It however prevents wetlands and floodplains from influencing pollution reduction processes and reduces their potential for maintaining the ecological integrity of the river basin. Nature conservation can add much to the success of this issue. It is therefore necessary to develop water management schemes which will enable more river water to be diverted to wetlands and floodplains (or potential wetlands and floodplains) where the river is allowed to slow-down and spread-out, without affecting other uses of the river system. Pilot management schemes have been developed in short stretches of the Hungarian and the Romanian-Bulgarian Danube River under Phase 1 of the Danube Programme. These require to be extended to other parts of the Basin and an overall Danube River basin approach established and then implemented.

55. The main tasks to be undertaken are:

- Task A. Review wetlands and floodplains in the Danube River Basin and assess their ecological functions. Verify, in particular, their nutrient removal function. Identify sites where diversions of river water could bring ecological and pollution reduction benefits, as well as serving for recreation space and flood retention. Prepare a Basin-wide overview. Inputs from NGOs will be important in finalising the Basin-wide overview. Responsibility: PCU (assisted by consultant).
- Task B. Develop national management schemes which will allow increased water flow into wetlands and floodplains (or potential wetlands and floodplains) without impacting other river water uses. Calculate baseline and total costs of management schemes. Local community participation in management schemes will be crucial to ensure the sustainability of planned interventions. Responsibility: PCU (assisted by consultant).
- Task C. Prepare programme of interventions for inclusion in Transboundary Diagnostic Analysis.

56. The output of this activity will be a Basin-wide overview of the wetlands and floodplain network and a programme of baseline and incremental management interventions which will contribute to transboundary pollution reduction and nature conservation. Management plans for nature conservation areas and the role of environmentally sensitive areas are of great importance here.

#### *1.2.4. Social analysis of pollution in the Danube River Basin and Black Sea.*

57. Water pollution can produce impacts on people, either directly (e.g. through diseases caused by contaminated drinking water, or cattle death due to water polluted by blue-green algae) or indirectly (e.g. loss of amenity or employment possibilities). Little information is known about the social impacts of pollution in the Danube River Basin. Figures presented in the initial Transboundary Assessment completed in 1996 indicate that several water-borne diseases (e.g. dysentery, hepatitis A and cholera) are present on occasion in Danube countries. There is no indication of the extent to which transboundary pollution may contribute to the incidence of these diseases. Consequently more effort is required to bring together information on direct and

indirect social impacts of water pollution, and the extent to which they can be improved by pollution reduction action.

58. The main tasks to be undertaken are:

- Task A. Prepare a generalised format for Danube countries to report information on reported social impact of water pollution and the known transboundary causes or effects. Responsible: PCU (assisted by consultant)
- Task B. Prepare a basin-wide overview of the national reports and request further information as appropriate. Responsible: PCU (assisted by national consultants)
- Task C. Integrate the results into the on-going finalisation of the Transboundary Diagnostic Analysis and develop action as appropriate. Responsible: PCU (assisted by consultant)

*1.2.5 Integrate updated National Reviews and DWQM results with initial Transboundary Diagnostic Analysis (TDA) to produce a draft basin-wide environmental status and strategy for tackling priority transboundary issues*

The Pan-European Biological and Landscape Diversity Strategy and the Draft Danube Basin Nature Conservation Convention may contribute to the success of the above strategy.

59. The Danube River Basin Transboundary Diagnostic Analysis, begun in 1996, will be the final product of Objective 1. It will provide a basin-wide analysis of the transboundary pollution issues and interventions required, in order to protect the Danube River Basin and the Black Sea. It will also include analysis of the national baseline contributions to transboundary pollution reduction. The TDA will be the technical basis for policy discussions among Danube Basin and Black Sea Basin countries within the process of reviewing progress in the implementation of the Danube SAP, and therefore its input data will need to be carefully screened for reliability. In particular the TDA will enable negotiations to be held on the level of pollution reduction targets required and over what time period for groups of priority substances and sectors: this means a primary focus on, nutrients (especially phosphorus) from agriculture and municipalities, and a secondary focus on hazardous substances, oils, and oxygen-depleting substances coming from municipalities, agriculture and industry.

60. The main tasks to be undertaken are:

- Task A. Complete the draft final TDA. Responsibility: PCU (assisted by consultant).

61. The output of this activity will be a draft final version of the Transboundary Diagnostic Analysis for wide international review, including by the IC Emissions Expert Group.

*1.2.6 Hold technical conference on transboundary pollution*

62. An international conference open to invited governmental, academic, NGO representatives, and the public will be held to review and publicise the results of the TDA. The aim of the conference will be to achieve consensus on the technical basis for transboundary pollution reduction in the Danube River Basin and Black Sea. The latest results coming from the Danube

Applied Research Programme will also be highlighted. Parallel workshop sessions will be organised to examine the key technical elements and results presented.

63. The following tasks are to be carried-out:

- Task A. Select location and dates for Conference, and organise logistical arrangements. Responsibility: PCU + CPC host country concerned.
- Task B. Develop programme for the Conference, and publicise appropriately. Responsibility: PCU + CPC (assisted by consultant).
- Task C. Hold Conference. Responsibility: PCU + CPC
- Task D. Circulate conclusions and proceedings of Conference within 1 month. Responsibility: PCU (assisted by consultant)
- Task E. prepare definitive version of TDA. Responsibility: PCU (assisted by consultant)

64. The output from this activity will be the conference proceedings and the final version of the Transboundary Diagnostic Analysis.

### **Output from Objective 1**

65. The overall output from Objective 1 will be an agreed technical analysis of environmental situation in the Danube River Basin and the main impacts on the Black Sea, presented in the Transboundary Diagnostic Analysis.

## **OBJECTIVE 2: REVIEW POLICY FOR PROTECTION OF THE DANUBE BASIN AND BLACK SEA**

### **2.1: Promote a pollution prevention and reduction policy review**

66. The aim of this sub-objective is to initiate the process of reviewing the Strategic Action Plan and to take the first steps towards developing an overall Black Sea Basin approach to management of international waters, pollution reduction and ecological rehabilitation.

#### Activities

*2.1.1 Prepare a timetable and a process for implementing and, if needed, updating the Danube SAP with an aim of agreeing quantified targets for pollution prevention and reduction*

67. The main international policy document for the Danube River Basin is the Strategic Action Plan, adopted in December 1994. It provides, amongst others, a strategic framework for implementing key provisions of the Danube River Protection Convention (see also above). It does not however set quantitative targets for pollution reduction for substances impacting the Danube River Basin and the Black Sea. According to the Danube River Basin Environmental Declaration of 1994, progress with the implementation of the SAP should be evaluated after three years; that is, after December 1997. It is possible that at this time responsibility for refining the SAP will have been transferred from the Danube Programme Task Force to the

equivalent body under the Danube River Protection Convention structure; namely the Project Management Task Force (PMTF).

68. The Strategic Action Plan for the Danube River Basin states (Executive Summary, p. ix) that “The Action Plan should be updated after three years when it is hoped that good progress has been made to implement the short term actions”. The additional knowledge about the river system which has become available in the three years since the SAP was adopted largely from the Applied Research Programme, in combination with continued acquisition of time series data, will enable an updated SAP to be more specific (quantitative) about targets which should be achieved for pollution reduction for priority substances and sectors. An update of the SAP is also requested by the Black Sea SAP adopted in 1996 which states that the ‘the provision in the Danube SAP (maintenance of 1995 levels) clearly are insufficient for addressing the eutrophication problem in the Black Sea’. The National Reviews and Transboundary Diagnostic Analysis completed under Objective 1 of this project will provide an objective technical basis on which a review and eventual updating of the Danube SAP can be based.

69. The updating of the SAP must be achieved with the full involvement of all relevant partners: namely, the International Commission and its Project Management Task Force (PMTF) and/or the Danube Programme Task Force, supported by the international community, and with full consultation and input from NGOs and the public.

70. The main tasks to be undertaken are:

- Task A. Organise, in collaboration with the International Commission, two consultation meetings with Danube countries to discuss and agree on the need and process for an updating of the Danube SAP. These discussions will be based in part on the technical results of the TDA. These consultation meetings should enable a timetable and approach to updating the SAP. It is possible that there will be agreement to update only part of the SAP. Responsible: PCU + IC
- Task B. Establish a working group(s) as required to work on the various aspects of the SAP to be updated. Develop indicators of progress with the implementation of the SAP and its target(s). Priority should be given to the prioritized hotspots and the wetlands. Resources made available by the GEF project under this task will focus attention on achieving policy consensus among Danube countries concerning pollution reduction targets, and ecological rehabilitation in accordance with the TDA and the GEF Operational Strategy. Responsible: PCU + IC

71. The output from these tasks will be an agreed timetable and approach for updating part or all of the Danube SAP. In particular, they will result in an approach to updating the pollution reduction targets for priority substances and sectors, required to ensure protection the Danube River Basin and Black Sea.

*2.1.2 Hold joint technical discussions with Danube and Black Sea countries to agree loads/concentrations and sources of priority pollutants and wetlands/ floodplains of overall (Black Sea) basin-wide significance*

72. The Danube SAP recognises the importance of addressing the River Basin and the Black Sea as one system which is highly inter-dependent. The Black Sea SAP further reinforces this point. To start moving towards a joint international management of the whole region, it is necessary to initiate a wide-ranging technical and policy discussions with all partners in the Black Sea Basin. These consultations are required in order to move towards balanced economic development and environmental protection throughout the region. Understanding the priorities and problems of other countries elsewhere in the Black Sea Basin represents a first step in this direction. Consequently under this activity, consultations will be held to discuss the underlying technical basis for managing the river basins draining into the Black Sea. Representatives of the Danube/ Dniester/ Dnieper/ Don river basins and other Black Sea countries will be involved in these activities. As appropriate, representatives of economic interests and non-governmental organisations will be invited to participate in these discussions. Further initiatives in this respect will also be taken by the Black Sea Programme and the Commission on the Protection of the Black Sea against Pollution, established by the Black Sea Convention signed in 1992.

73. The following tasks will be undertaken:

- Task A. Hold a technical workshop to discuss loads/concentrations and sources of priority pollutants impacting the Danube and the Black Sea, and rehabilitation and management of wetlands/floodplains of basin-wide significance. The workshop will also enable uncertainties in current knowledge to be highlighted. Responsible: PCU (assisted by consultant).
- Task B. Hold a technical workshop, involving similar experts as in Task A, to discuss the technical basis for strategies for reducing the impacts of priority pollutants within Black Sea river basins. Responsible: PCU (assisted by consultant).

74. The output from these workshops will be agreement on the priority pollutants and sectors affecting the Black Sea Basin and the technical basis for strategies to overcome current environmental problems.

### *2.1.3 Hold policy discussions with Danube and Black Sea countries to agree necessary pollution reduction strategies for the Black Sea Basin, consistent with GEF Operational Strategy*

75. Many programmes are currently carried out in the Danube/Black Sea Region: UNDP is implementing the Danube and the Black Sea Pilot Phase GEF projects as well as the Dnieper PDF GEF project. The World Bank is implementing the Danube Delta Biodiversity projects. The Netherlands is contributing to a Sea of Azov project and the World Bank is working on the Lower Don as part of the environmental loan to the Russian Federation. In addition, there are several biodiversity projects in the Region (GEF UNEP and/or World Bank) as well as World Bank and EBRD pre-investment studies. Other cooperation is also significant to the environmental improvements in the Danube/Black Sea Region, e.g. a number of national and regional EU PHARE and TACIS projects and programmes, as well as those between bi-lateral cooperation between individual Black Sea Region countries and donor governments.

76. Following directly from the technical discussions among Black Sea Basin countries, consultations should be held to explore the possibilities for agreeing common policy directions,

and a balanced approach to pollution reduction from the rivers discharging into the Black Sea. This will provide the first steps towards achieving a common pollution reduction strategy for the Black Sea region. Further initiatives in this respect will also be taken by the Black Sea Programme, the Commission on the Protection of the Black Sea against Pollution, established by the Black Sea Convention signed in 1992, and the forthcoming GEF Dnieper River Programme.

77. The following tasks will be carried-out:

- Task A. Hold a series of sub-regional consultations involving governmental and non-governmental organisations to explore the potential for agreeing a common strategic approach to pollution reduction and ecological rehabilitation in the river basins and coastal areas discharging into the Black Sea. These consultations should be used to prepare a wider meeting of Danube River Basin and Black Sea countries. Responsible: PCU + IC.
- Task B. Hold a Danube River Basin and Black Sea countries policy workshop to discuss and agree common approaches to pollution reduction and ecological rehabilitation throughout the region, in accordance with the GEF Operational Strategy. Responsible: PCU + IC (assisted by consultant).

78. The output of these tasks will be a first step towards technical and policy agreements on the strategy for pollution reduction and ecological rehabilitation in the Danube/ Dniester/ Dnieper/ Don river basins, and from Black Sea coastal zones.

#### *2.1.4 Prepare pollution prevention and reduction programmes for priority pollutants, especially nutrients*

79. Based on the TDA and the results of the consultations among all Danube and Black Sea Basin countries, initial pollution reduction programmes (PRPs) should be drawn-up on a national basis in Danube countries. The PRPs should initially concentrate on solving the eutrophication issues in the Danube River Basin and Black Sea. PRPs to reduce eutrophication will also contribute to reductions in the transboundary loads of other priority pollutants. The PRPs will lay out the action required to meet the range of targets likely to be set in the SAP when it is updated. This will involve identifying specific project activities and estimating their contribution to achieving the overall targets and global benefits. PRPs will show clearly what will be done under existing and planned national investment and environmental management programmes (the baseline). The PRPs will also present the action required over and above national requirements in order to reduce transboundary pollution and to achieve the global benefit of protecting the Black Sea.

80. PRPs will include analysis of costs and benefits of the action required and will in particular look for cost efficient means of achieving pollution reduction targets. This may mean giving priority to land use practice change, or river margin rehabilitation, or phasing-out of the use of certain substances (e.g. phosphorus in detergents) over installation of advanced waste water treatment technologies. Consultations will take place with relevant economic sectors, non-governmental organisations and the public in order to gain feedback and input to the PRPs.

81. The main tasks to be carried-out are:

- Task A. General framework to be developed for preparing PRPs. Responsible: PCU (assisted by consultant and EMIS/EG).
- Task B. National Teams to prepare initial pollution reduction programmes to meet the range of likely targets to be set in the updated SAP. Responsible: CPC + National Team consultants with input from EMIS/EG.
- Task C. Consultations at national level with economic sector involved, non-governmental organisations and the public.

82. The output from these tasks will be draft national Pollution Reduction Programmes for all Danube countries.

#### *2.1.5 Integrate pollution prevention and reduction strategy into the SAP revision process*

83. The draft Pollution Prevention and Reduction Programmes require to be taken forward within the overall policy review being agreed under the updating of part or all of the SAP. The exact scope of work under this activity will depend on earlier decisions taken by Danube countries on the approach taken in this updating process.

84. The main tasks required are:

- Task A. Incorporate the results of the initial pollution prevention and reduction programmes within the drafting process for the revised SAP

85. The output of this task will be the introduction of a policy direction concerning pollution prevention and reduction into the revision of the SAP.

### **Output of Objective 2**

86. The overall output of Objective 2 will be agreement on policy directions for pollution prevention and reduction in the Danube River and Black Sea Basin, the process for updating the Danube SAP, and actions identified in each Danube country to meet a range of pollution reduction targets.

### **OBJECTIVE 3: INCREASE PUBLIC AWARENESS AND PARTICIPATION**

87. Participation of all sectors of society is an essential requirement for the development of sustainable policies in the Danube Basin. It requires transparent and participatory decision making procedures, open rules and access to information, and administrative and judicial procedures. Activities to ensure wider public participation in the Project will be carried out in order to achieve this essential goal in conformity with the GEF Operational Strategy. The EU through the PHARE TACIS Programmes will also provide supporting activities for public awareness support within the framework of the Danube SIP, including supporting the activities of the Danube Environmental Forum Sub-Regional Centre in Bucharest. NATO too has recently deployed comparable activities; all of these should be well coordinated with the current project.

### **Sub-objective 3.1 Raise Public awareness about pollution reduction activities**

88. In addition to the consultations held as integral parts of Objective 1 and 2 activities, the activities under this sub-objective aim to raise awareness and to ensure practical involvement of local communities in environmental management in the Danube River Basin.

#### Activities

##### *3.1.1 Launch public awareness programme based on updated National Reviews and TDA - produce and disseminate a general brochure*

89. In each country national awareness-raising campaigns will be launched to highlight the environmental aspects of the Danube River basin and its influence on the Black Sea. These awareness-raising campaigns will be based on the technical materials produced in the process of updating the National Reviews and completing the Transboundary Diagnostic Analysis. The main targets for these campaigns will be other governmental ministries (e.g. agriculture, industry), representatives of economic sectors (e.g. industry associations, farmers unions and associations, business associations), and the wider public. It is expected that appropriate environmental NGOs in each country will be closely involved in designing and implementing the awareness-raising campaigns.

90. The main activities to be carried-out are:

- Task A. Preparation of basin-wide information materials (e.g. a brochure, posters, video) which explain in simple terms the main priorities and action required regarding pollution reduction and ecological rehabilitation. Responsible PCU (assisted by consultant).
- Task B. Preparation of national information materials, including translations of the basin wide brochure, for wide dissemination to the main targets groups in each Danube country. Responsible CPC (assisted by consultant)
- Task C. Staging of national, or local, events in each country to launch and draw attention to the benefits, needs and transboundary impacts of the Danube River Basin

91. The output of this activity will be materials and events to publicise the need for pollution prevention and reduction and ecological rehabilitation in the Danube River Basin.

##### *3.1.2 Hold consultations with local Stakeholders about priorities for transboundary pollution reduction*

92. Consultations with representatives of relevant economic sectors, non-governmental organisations and the public are an integral part of the public participation activities under Objectives 1 and 2. In particular there will be consultations regarding the draft National Reviews, National Baselines, and basin-wide overview of wetlands and floodplains. Similar consultations are planned for the SAP and policy reviews leading to the development of a Black Sea Basin strategy. These consultations will provide inputs to the finalisation of these activities. In particular the results of these consultations will be incorporated in the on-going review of the Strategic Action Plan and the development of the Pollution Reduction Programme.



93. The main activities to be undertaken are (refer also to activities under Objectives 1 and 2):

- Task A. Hold national consultations to review and provide input to updated National Review, National Baseline, and basin-wide overview of wetlands and floodplains. Responsible: CPC + PCU (assisted by consultants)
- Task B. Hold technical conference on transboundary pollution to review the finding of the Transboundary Diagnostic Analysis. Responsible: PCU (assisted by consultants)
- Task C. Hold sub-regional consultations to discuss the potential for agreeing a common strategic approach to pollution reduction and ecological rehabilitation in the river basins and coastal areas discharging into the Black Sea
- Task D. Hold national consultations as required to gain feedback on the emerging Pollution Reduction Programmes component of the SAP update.

94. The output from this activity will provide input to the development of the technical basis and policy for pollution reduction in the Danube River Basin and Black Sea.

### *3.1.3 Distribute three editions of 'Danube Watch'*

95. Danube Watch is a Newsletter (in English) which is distributed to around 4000 people in more than 20 countries. Danube Watch provides an open forum for people with views about the Danube River Basin and related subjects. It has existed for two years and is edited by a journalist who is independent of the PCU, the Danube Governments and the international community. Danube Watch provides a regular reminder to people interested in the Danube River Basin and the Black Sea of the importance of the Danube and Black Sea regions, and of the main environmental, social and economic issues under discussion. The Danube Watch will therefore also serve as a vehicle for disseminating information about the findings of the Transboundary Diagnostic Analysis and the requirements of the Pollution Reduction Programmes.

96. The following tasks will be undertaken:

- Task A. Prepare and distribute three versions of Danube Watch at regular intervals throughout the duration of the project. Responsible: PCU (assisted by journalist consultant)
- Task B. Prepare easy to read articles for Danube Watch to report the key points of the TDA, the SAP update and the Pollution Reduction Programme.

97. The output of this task will be wide awareness of pollution reduction issues in the Danube River Basin and the wider international community.

### *3.1.4 Support the Danube Environmental Forum and national NGO meetings*

98. The Danube Environmental Forum is an 'umbrella' organisation established in 1995 which brings together more than 40 environmental non-governmental organisations (NGOs) in all Danube countries. The Forum provides a mechanisms for exchange of information and experience among NGOs and enables joint campaigning strategies to be developed on Danube

River Basin and Black Sea issues. Forum members are also involved in running two regional NGO information centres, one based in the Czech Republic, the other in Romania. The Forum at its annual meetings elects three representatives to represent NGO interests during Danube Task Force meetings. Information and experience is also exchanged with a parallel NGO Forum established by NGOs in the coastal states of the Black Sea.

99. As the Danube Environmental Forum is still in its formative stages, it is important to provide support to enable its international activities to continue whilst self-sustaining financing mechanisms for the Forum are established. Given the wider aim of this project to initiate a wider Black Sea Basin approach to managing the Danube river, it is also important to promote stronger relations between the Danube Environmental Forum and the Black Sea NGO Forum.

100. The following tasks will be carried-out:

- Task A. Hold two meetings of the Danube Environmental Forum to discuss and agree the response of environmental groups to the on-going review of the SAP. The Forum may consider establishing a sub-working group to provide input and reactions to the emerging TDA, the SAP and the Pollution Reduction Programme. Responsible: Danube Environmental Forum + PCU
- Task B. Hold national NGO meetings in each Danube country to discuss strategies for influencing the government, business and the public on issues relevant to the SAP review. Responsible: Danube Environmental Forum + PCU
- Task C. Hold a joint Danube River basin - Black Sea Basin NGO Forum workshop to discuss possibilities for wider regional cooperation and carrying-out of practical environmental awareness raising, or public participation, projects. Responsible: Danube Environmental Forum + PCU

101. The output of this activity will be a stronger role for environmental NGOs in the Danube River Basin and practical cooperation with similar groups in the rest of the Black Sea region.

### *3.1.5 Provide small grants for community-based pollution reduction and awareness projects*

102. The Danube River Basin Grants Programme was established in 1995. A second Grants Programme was carried-out in 1996. The aim of the Grants Programme is to strengthen the institutional capacity of local community groups, and non-governmental organisations and to enable them to take responsibility for local problems which are of significance for the whole Danube River basin (e.g. to plan and carry-out the rehabilitation of a small wetland area). In 1995 and 1996 more than 120 small grants of this type, averaging around US\$ 2000 each, were made. These small grant activities are critical in raising local awareness to issues in the Danube River Basin and Black Sea and for ensuring local participation in environmental management decisions.

103. The third Danube River Basin Grants Programme will be launched under this present project. Its aim will be in particular to stimulate local community involvement in activities which address transboundary issues, and which respond to the priority action required to reduce

eutrophication in the Black Sea. Collaborative activities involving groups from the Danube Basin and the Black Sea country will be especially encouraged.

104. The following tasks will be undertaken:

- Task A. Establish the mechanisms and funding available for decentralised awarding of grants in each Danube country. No grants will be allocated directly to NGOs in Germany and Austria. Responsible: PCU
- Task B. Develop the Grant Programme priorities and publicise widely the opportunity to prepare and send in projects to national contact points. Responsible PCU (assisted by consultant).
- Task C. Evaluate the impact and results of the Grants Programme in raising public awareness of Danube Basin and Black Sea issues. Responsible PCU (assisted by consultant).

105. The output of this activity will be a series of community-based projects which will contribute to pollution reduction in the Danube River Basin and Black Sea.

### **Sub-objective 3.2 Improve coordination and information exchange**

106. The aim of this sub-objective is to strengthen information dissemination and exchange within the Danube River Basin and to the wider international community.

#### Activities

##### *3.2.1 Establish Danube internet network*

107. Under the first phase of the Danube Programme, basic support was provided to CPCs to help establish national ‘coordination offices’ for Danube Basin activities. The basic support included providing computer infrastructure, fax machines and modems (if required) for email communications. National efforts have also led to a significant improvement in communications among key people and services involved in managing the Danube Basin. Further efforts are required to complete the internet/ email network and then to use the technical facilities provided to increase information flow, availability, and transparency of action. Establishing and maintaining a Danube River Basin World Wide Web site on the Internet will provide an interface for such communications and will facilitate joint work on transboundary issues. It will also enable wide information dissemination to the public throughout the Danube River Basin and the wider international community.

108. The main tasks to be carried-out are:

- Task A. Confirm and upgrade as required the internet/ email connections of CPCs and other key national actors involved in managing the Danube River Basin (e.g. technical institutes). This activity should also be carried-out for the two regional NGO Information Centres and at least one Danube-related NGO in each country and where arrangements for access by other groups should be made (which NGO is to be decided at the national NGO meetings - see 3.1.5 above). Responsible PCU (assisted by consultant).

- Task B. Establish and maintain Danube River Basin World Wide Web site. The Web site on the Internet will be used, amongst others, to disseminate information about the TDA and the emerging Pollution Reduction Programmes within the overall SAP review. It will also provide summary information of reports held in the PCU library. The Web site will be linked appropriately to DANIS (see 3.2.2. below). Responsible PCU (assisted by consultant).

110. The output of this activity will be strong communication links among Danube experts, decision-makers and NGOs, and a cost-effective means of publishing information about the Danube River Basin.

### *3.2.2 Update and disseminate DANIS*

111. The Danube Information System (DANIS), established under the Danube Programme Phase 1, provides a structure through which information concerning organisations, experts, publications and reports can be accessed and exchanged among Danube countries. National system managers for DANIS are responsible for maintaining the accuracy and integrity of the data which the system contains. The PCU is responsible for ensuring that all documentation produced under Programme is introduced into the system. DANIS has been made available as a PC-version on computer disc and through a dedicated Internet Web site. The functions offered by DANIS for information retrieval can be usefully expanded to enable users to access entire documents or extended summaries, and to provide links to other meta-data sources where detailed technical data can be accessed (e.g. water quality and quantity data from transboundary monitoring stations). The structuring and ease of retrieval of information from the DANIS Web site also requires to be improved.

112. The following tasks are to be carried-out:

- Task A. Hold three meetings of the DANIS system managers to review performance to date and to agree system improvements required. Responsible: PCU (assisted by consultant).
- Task B. Expand the functions of DANIS to provide links to primary sources of technical information regarding the Danube River Basin and Black Sea. The possibility of linking DANIS to equivalent meta-information systems throughout the Black Sea Basin will be considered. Responsible: PCU (assisted by consultant).
- Task C. Upgrade the DANIS Web site to enable faster search and access facilities to on-line users and link to overall Danube River Basin Web site (see 3.2.1. above). Responsible: PCU (assisted by consultant).

113. The output of this activity will be an improved and extended DANIS information system accessible to the general public.

### **Output of Objective 3**

114. The overall output of objective 3 will be increased public awareness and effective participation in the process of the SAP refinement, and the development of pollution prevention

and reduction activities within the River Danube and Black Sea Basin. Objective 3 will also result in efficient information exchange and transparency of action under the GEF project.

## **OBJECTIVE 4: DEVELOP THE FINANCING OF THE POLLUTION REDUCTION PROGRAMME WITHIN THE DANUBE SAP**

### **Sub-objective 4.1: Develop portfolio of Danube basin projects**

115. The aim of this sub-objective is to develop 1) financing strategies for pollution reduction in each Danube country and to prepare appropriate projects for potential co-financing by GEF and other international partners. 2) The experience previously gained by several Danube countries in financing or co-financing environmental actions will be fully exploited in implementing this objective.

#### Activities

*4.1.1 Develop financing strategies for the pollution reduction programme within the SAP, in accordance with the Basin-wide strategy.*

116. The results of the analysis of Danube River basin ‘hot-spots’ will be incorporated in the TDA and in the development of national pollution reduction programmes within the basin-wide strategy. All of these activities will be linked to update of all or part of the SAP. The pollution reduction programmes are expected to produce two main types of concrete project activities: (i) investment-related projects to address priority hot-spots; and (ii) capacity-building and demonstration projects related to pollution reduction, wetlands and ecological rehabilitation. National and international financing strategies will need to be developed to support the implementation of these two types of project. The general framework for financing projects in each country, and the various procedures to be followed, require to be developed before finalising preparation of individual projects.

117. The main tasks to be undertaken are:

- Task A. Prepare model structure for financing strategy for pollution reduction projects in each Danube country. Responsible: PCU (assisted by consultant).
- Task B. Prepare national financing strategies for pollution reduction projects, including confirmation of expected national contributions. Responsible CPC (assisted by consultant).
- Task C. Hold workshop to review overall basin-wide financing strategy for international involvement in pollution reduction programmes. Responsible PCU + CPC (assisted by consultant).

118. The output of this activity will be financing strategies for pollution reduction developed for the particular circumstances of each Danube country.

*4.1.2 Prepare project documents for priority hot-spot projects for investment consideration*

119. Project documents will be prepared for priority hot-spot projects which fall within the scope of the financing strategy agreed for the pollution reduction in each country. The project documents will describe (at least) the technical aspects of the project, its institutional context, the expected contribution to the overall pollution reduction strategy for the Danube River Basin, and the project financing components. Financing components for each project will (at least) define the baseline costs to be met by national contributions as well as the incremental costs of achieving global benefits of transboundary pollution reduction.

120. A mix of financing sources should be expected to be required for most projects (e.g. % grant or loan from National Environmental Fund or State Budget, % loan from domestic or international sources, % grant from donor, % GEF contribution for incremental costs, etc.). The operations and maintenance costs of projects should be carefully considered, especially regarding phosphorus removal from municipal waste water treatment plants. Sources of revenue from the project, or other sources, to repay any loan component in the financing package must be clearly explained. Specific guidance will be given to project proposers on information required by potential funding partners for a given project. Demonstration projects could also be considered for funding (e.g. for phosphorus replacement in detergents).

121. The main tasks to be undertaken are:

- Task A. Prepare model structure(s) for project documents for pollution reduction projects in each Danube country. Responsible: PCU (assisted by consultant).
- Task B. Prepare project documents for individual projects, inter alia based upon each country's experience, as applicable, and with the assistance of potential funding partners. Responsible: CPC + PCU + potential funding partner (assisted by local experts).
- Task C. Agree implementation strategies for each pollution reduction project. Responsible: CPC (assisted by consultant).

122. The output of this activity will be a portfolio of investment-related pollution reduction projects for co-financing consideration.

#### *4.1.3 Prepare outline descriptions of wetland, floodplain and demonstration projects for potential donor grant support*

123. Project documents will be prepared for priority wetland, floodplains and demonstration projects which fall within the scope of the financing strategy agreed for the pollution reduction strategy in each country. These are likely to be capacity-building, or environmental management projects. The project documents will describe at least the technical aspects of the project, its institutional context, the expected contribution to the overall pollution reduction strategy for the Danube River Basin, and the project financing components. Projects in this category are unlikely to produce income and are therefore less suited to financing by loans. Financing components for each project will at least define the baseline costs to be met by national contributions as well as the incremental costs of achieving global benefits of transboundary pollution reduction. Demonstration projects could also be considered for funding (e.g. for phosphorus replacement in detergents and for reducing nitrogen and phosphorus run-off from agriculture).

124. The main activities to be carried-out are:

- Task A. Prepare model structure(s) for project documents for pollution reduction projects in each Danube country. Responsible: PCU (assisted by consultant).
- Task B. Prepare project documents for individual projects, with the assistance of potential funding partners. Responsible: CPC + PCU (assisted by consultant).
- Task C. Agree implementation strategies for each pollution reduction project. Responsible: CPC (assisted by consultant).

125. The output of this activity will be a portfolio of wetlands and floodplains and capacity-building projects for co-financing (grant) consideration.

#### **Sub-objective 4.2 Mechanisms to provide sustainable financial support for the Danube River Basin**

126. The aim of this sub-objective is to develop long-term mechanisms required to support financing of pollution reduction projects.

##### Activities

##### *4.2.1 Feasibility of establishing a Danube Environmental Fund, including the exploration of the economic instruments needed.*

127. Many of Danube countries have established national environmental or water management funds. These are usually revolving funds into which government grants and finance raised by environmental taxes or charges are paid. The funds generally provide soft loans and/or grants for projects of national environmental importance. A transnational Danube Recovery Fund, addressing municipal sewage treatment, is planned as well, with Germany as the lead country.

Transboundary pollution reduction in the Danube River Basin is not usually a positive criterion used in screening projects for potential support. Consequently there is a need to explore the potential for establishing a Danube Environmental Fund (or Trust Fund) which could provide a similar financing service as national funds for projects of high priority for transboundary pollution reduction. An alternative to establishing an international Danube fund could be to establish a series of national Danube environmental funds, or to ' earmark ' a proportion or give priority within existing national funds to supporting priority projects for pollution reduction in the Danube River Basin and Black Sea.

128. The following tasks will be undertaken:

- Task A. Prepare a feasibility study of options for establishing an international Danube Environmental Fund (or Trust Fund), liaised and possibly merged with the forthcoming Danube Recovery Fund, or for a nationally-based fund. The feasibility study should consider (at least) the legal issues involved, potential economic instruments needed (e.g. effluent

charges, pollution permits, etc) and mechanisms for managing the fund, the selection of projects for support and an exploration of the potential for harmonisation of economic approaches across countries. Responsible: PCU + IC (assisted by consultant)

- Task B. Hold a workshop involving all Danube countries to discuss the finding of the feasibility study and to agree the approach most likely to succeed. Responsible: PCU + IC (assisted by consultant)
- Task C. Hold consultations with the international community to discuss and agree potential international contributions to start-up the fund, or funds. Responsible: PCU + IC.

129. The output of this activity will be an agreed feasibility study for establishing a fund(s).

#### *4.2.2 Prepare structures, rules etc. for a Regional Fund, or other mechanism as agreed*

130. Based on the outcome of the previous activity, it will be necessary to prepare the legal basis, organisational structure, rules of procedure, financing sources, etc. required to establish the Danube Fund, or funds. A main objective of the fund(s) established will be to provide part of the financing packages required to address priority pollution reduction projects, within the framework of the SAP, for the Danube River Basin and Black Sea.

131. The main activities to be undertaken are:

- Task A. Prepare basic documents required to establish the fund, or funds in the country(-ies) concerned. Responsible: PCU + IC + CPCs (assisted by consultant).
- Task B. Complete administrative procedures required to establish legal basis. Responsible CPC in the country(-ies) concerned.
- Task C. Set-up the required organisations to manage the fund, or funds. Responsible: CPC in the country(-ies) concerned.

132. The output of this activity will be agreed mechanisms to set-up long-term financing mechanisms for pollution reduction projects in the Danube River Basin.

#### **Sub-objective 4.3 Finalise and agree on the process for adopting a refined SAP**

133. The aim of this sub-objective is to provide high level endorsement for revised policy objectives developed for the Danube River Basin.

#### Activities

##### *4.3.1 Integrate portfolio of investment and capacity-building projects, and regional financing mechanisms, into the SAP*

134. The overall process for refining and finalising the SAP will have been on-going in parallel to other activities under Objective 4. The results with respect to the financing strategies and project pipelines for pollution reduction will be integrated with other aspects of the SAP updating process. This will lead to the finalisation of a single document which will include the



principles and main priorities of the pollution prevention and reduction programme and its financing.

135. The main tasks to be carried-out are:

- Task A. Discuss the results of the financing strategies and project pipelines for pollution reduction with the group(s) responsible for the overall updating of the SAP. Responsible: PCU
- Task B. Prepare an updated version of the refined SAP. Responsible: IC + PCU (+ Drafting Group)

136. The output of this activity will be an updated version of the SAP.

#### *4.3.2 Adopt updated Danube SAP at Ministerial Conference*

137. The Danube SAP (1994) was adopted by Environment Ministers and the European Commissioner for Environment in Romania in December 1994. It was agreed that a review of progress with the implementation of the SAP would be conducted after three years with an aim towards updating the Plan (*SAP for Danube River Basin, 1995-2005*, Executive Summary, p. ix). The work undertaken to prepare the pollution reduction programme for the Danube River Basin and the Black Sea under this project will need to be incorporated in this updated SAP. This refined SAP will require endorsement from all Danube governments and it is proposed to organise a Ministerial Conference for this purpose. At that occasion, experience gained and new viewpoints developed in the course of the implementation of the SAP may also be reviewed. Depending on the timetable agreed for the updating of the SAP, it is hoped that the Conference will be held towards the end of the project period. It is also possible that it will take place during the months later, in which case the tasks under this activity should be revised to focus on the preparation for the Ministerial Conference. For the sake of efficiency, it is recommended to explore the possibility of combining the Ministerial Meeting with a first Meeting of the Parties to the Danube Convention, should this meanwhile have entered into force as anticipated.

138. The following activities will be undertaken:

- Task A. Organise a consultation meeting with Danube CPCs and/ or representatives of the International Commission to agree the programme for the Ministerial meeting, to finalise the Ministerial Declaration adopting the updated SAP, and to its location and date. Responsible: PCU + IC.
- Task B. Support the logistic organisation of the Ministerial meeting, including if required providing limited support for travel and living expenses. Responsible: PCU + IC.
- Task C. Prepare the publication of the SAP and Ministerial declaration for wide distribution throughout the Danube River Basin and Black Sea region. Electronic means of publication made available through activity 3.2.1 should be used to maximise the international impact of the SAP.

139. The output of this activity will be high level endorsement for the policy objectives and pollution reduction targets of the SAP.

#### *4.3.3 Donor pledging conference (or PPC meeting) for priority investment projects*

140. The results of the pollution reduction programme component of the SAP will produce a pipeline of investment-related and capacity-building projects. These projects will be prepared under activities 4.1.2 and 4.1.3 and project documents will be available. Part of the financing required for these projects will also have been agreed in the national funding strategies. It is inevitable that there will be more priority projects than can be funded by domestic sources with the assistance of the GEF for incremental aspects. Therefore it will be necessary to attract additional bilateral and multilateral co-funding to support the financing packages. A donor pledging conference, and/or a special meeting of the Project Preparation Committee, is proposed as a means by which attention can be highlighted on the needs of the Danube River Basin and the Black Sea. Thorough preparation, including intensive consultations with bilateral and multilateral donors and International Financing Institutions, will be required in advance to ensure the success of this type of meeting.

141. The following tasks are to be undertaken:

- Task A. Finalisation of project documents, including proposed financing packages, for pollution reduction projects. Responsible: CPC + PCU (assisted by consultant)
- Task B. Hold a series of consultations among project proposers, bilateral and multilateral donors and International Financing Institutions, and the GEF, to agree in principle financing contributions from the international community to support national commitments. Responsible: CPC + PCU (assisted by consultant)
- Task C. Hold a donor pledging conference, and/or support the holding of a meeting of the Project Preparation Committee to confirm international financing contributions to pollution reduction projects for the Danube River Basin and the Black Sea. Responsible: PCU + IC
- Task D. Publicise widely the achievements in securing financing for action required to implement the revised SAP. PCU + IC.

142. The output of this activity will be agreed co-financing for pollution reduction projects.

### **Outputs of Objective 4**

143. The output of Objective 4 will be a refined and updated SAP which includes policy component concerning the Danube and Black Sea basins, quantitative pollution reduction targets, a portfolio of related investment and technical assistance projects, and the set-up of a regional funding mechanism. The pledging conference, or PPC meeting will enable co-financing arrangements for the pollution reduction projects to be agreed.

### **E. SUSTAINABILITY AND PARTICIPATION**

144. The present project proposal takes into account and directly addresses the continuing challenge in ensuring the sustainability, not only of project-generated benefits, but rather of all

benefits created during the past several years of regional environmental cooperation. The four objectives of the project are designed to ensure that the various legal, institutional and human resources which have thus far been mobilised do not simply dissipate following the conclusion of the GEF Pilot Phase project, but rather are further enhanced. Only this combination of enhanced human, technical and financial resources can ensure the ultimate sustainability of regional benefits.

145. The longer term sustainability of the results of this project will be ensured by close cooperation at all stages with the Danube governments represented in the International Commission and the staff of its Secretariat. The pollution reduction programme is designed to produce results which will accelerate the full implementation of provisions in the Danube River Protection Convention.

## **F. LESSONS LEARNED AND TECHNICAL REVIEWS**

146. An evaluation team was set up in 1995 to undertake a technical review of the GEF component of Phase 1 of the Danube Programme. This resulted in an evaluation of a major part of all Danube Programme work completed between 1992-95. The evaluation report concludes that the Danube Programme has 'significantly contributed toward the mitigation of water pollution'. The report noted that considerable effort was given to monitoring and inventories-building, and capacity building activities and pre-investment studies. This evaluation as well as that released by UNOPS on Feb. 7, 1997 suggested that more attention should be given in future to ecological issues such as wetlands restoration. The rapidly expanding field of restoration of damaged ecosystems and the sustainable use of biological diversity by controlled activities such as eco-and agro-tourism should also be addressed. It also stated that it would be important to further strengthen and improve networking at national and regional levels, continue to strengthen the role of and support to the NGO community, encourage development of community-based involvement and activities, and continue to allocate funds for training and equipment. The observations and suggestions from the evaluation team are in accordance with recommendations made by the Task Force. They have been incorporated in the design of the present GEF project. A copy of the technical review of this project is attached.

## **G. INPUTS**

147. See the attached Budget Table 1. These tables are based on the Project Concept presented and agreed by all the Task Force members during their meeting in Vienna on July 25 and 26, 1996. They have been undated to reflect the further elaboration of the Project Document which has been discussed, revised and approved by the Danube GEF Country Program Coordinators meeting in Vienna on 17 March 1997.

148. The 1996 Phare Multi-Country Programme for Environment made available MECU 2.5 to the Danube Environmental Programme. The Tacis Multi-country Environmental Programme (for NIS countries) has also allocated MECU 1 to the Danube Programme in 1996. A total programme of MECU 15 for the period 1996-1999 has been provisionally budgeted by the EU (subject to annual budgetary review). These funds will mostly be used to finance the Danube Strategic Action Plan Implementation Programme (SIP).

## **H. INCREMENTAL COSTS**

149. The transitional project will facilitate the completion of the strategic work started during the Pilot Phase and the PDF. The completion of the Transboundary Diagnostic Analysis, the expected updating of the SAP, and the formulation of Pollution Reduction Programmes, is the process which is now needed to enable the programme to conform with the GEF Operational Strategy. Therefore, the full discussion on Incremental costs does not apply here although it will, for all investment projects arising from this exercise and for which GEF funding is being considered. Continued SAP refinement is considered an 'enabling' activity by the GEF and is not subject to incremental cost analysis. Objectives 1 (knowledge base) and 3 (public awareness) are fully fundable as capacity building activities as described in the GEF operational strategy. Of note, significant co-funding from the European Union is expected to be available (see above).

150. From preliminary results of the Applied Research Programme under Phase 1 of the Danube Programme, an estimate has been made of the likely total costs of reducing eutrophication in the Black Sea. This is useful to give an indication of the order of magnitude of work required to safeguard the Black Sea ecosystem over the long term and the incremental costs involved.

151. Eutrophication example: Phosphorus loads are believed to be the main limiting factor for eutrophication in the Black Sea coastal areas. Eutrophication is seen to increase dramatically when the annual load of phosphorus exceeds 20 000 tonnes/ year. Severe eutrophication was observed in 1989-91 when total loads of phosphorus exported to the Black Sea were around 42000 tonnes/ year. It is thought that during the same period that eutrophication upstream in the Danube River Basin was only a localised problem in certain countries. This suggest that a substantial percentage of the reduction of around 22 000 tonnes/ year of phosphorus required to safeguard the Black Sea ecosystem could be considered to be an incremental cost by most Danube countries. If, for example, the 22 000 tonnes/ year were to be removed by adding phosphorus traps to municipal waste water treatment plants then the total cost of pollution reduction would be of the order of 80-500 million US\$ per annum. Obviously, other more cost-effective strategies would also have to be considered in reality. However, this example demonstrates the importance of the work which will be undertaken under this present GEF project to quantify the transboundary pollution impacts of priority substances and to calculate, on a country by country and project by project basis, the incremental costs of reducing this transboundary pollution.

## **I. RISKS**

152. The regional cooperation aspect of the Danube River Basin is important. In addition to the previously participating 11 countries in the Danube Programme, Bosnia-Herzegovina and the Federal Republic of Yugoslavia are expected to become members of the Programme and the Task Force during the period of this project. Political stability is however not guaranteed in this

part of the River Basin and this consequently represents a risk to the successful completion of the project. It is considered however, that the potential transboundary environmental benefits of including these two countries in the project greatly out-weighs any potential risk. This issue is one of the reason why the size of this project is deemed necessary to allow a smooth transition with the newly participating countries.

153. The slow pace of ratification of the Danube River Protection Convention is another cause of concern. The activities proposed under this project will stimulate policy and financing activities required by the Convention and will therefore contribute to an acceleration of national efforts to achieve ratification. It is considered highly unlikely that the Convention will not be in force before the end of the proposed project period.

154. This project demands an intensive cooperation between the staff appointed to work in the PCU and the Danube country CPCs and other counterparts. Insufficient resources on the counterpart side will not cause this project to fail, but it could lead to delays in achieving project outputs. Similarly, the project timetable also demands the rapid issuing of contract documents and financial authorisations from UNOPS. Any delays in this respect will lead to delays in achieving the project objectives.

## **J. OBLIGATIONS AND PREREQUISITES**

The obligations or prerequisites for work to commence on this project are as follows:

- approval of the Project Document by the Governments of all participating countries;
- work of the National Focal Points of each participating Government. The major role of the National Focal Point will be to coordinate activities of participating ministries, local governments, academic and research institutions, and the NGOs; and
- provision of the in-kind contributions to activities as specified in this document and agreed by the GEF Council.

## **K. INSTITUTIONAL FRAMEWORK AND PROGRAMME MANAGEMENT**

### **Cooperation between UNDP and the European Commission.**

#### Activities

155. In the first phase of the Danube Programme an agreement was made between UNDP and the European Commission on arrangements for joint working and cost-sharing for project activities. This agreement worked successfully. A renewed cooperation agreement will be made between UNDP and the European Commission to re-affirm the cooperation between the new GEF project and projects supported by the European Union's Phare and Tacis Programmes. The United Nations Office for Project Services (UNOPS) will be responsible for the execution of this project on behalf of UNDP.

156. The following tasks will be carried-out:

- Task A. Update the agreement between UNDP and the European Commission on cooperation in the Danube Environmental Programme. Responsible: UNOPS + EC (assisted by the PCU).
- Task B. Present the agreement to the Danube Task Force for review. Responsible: PCU.

157. The output of this activity will be a revised agreement between UNDP and the EC.

## **Danube Task Force**

### Activities

158. The Danube Task Force is responsible for directing the implementation of the Danube Environmental Programme. All Danube countries are represented on the Task Force, as are bilateral and multilateral donors, International Financing Institutions, and non-governmental organisations (notably the three representatives of the Danube NGO Forum - see activity 3.1.5). The Task Force was formed for Phase 1 of the Danube Programme (the GEF Pilot Phase project).

159. For the proposed GEF project the Task Force will continue to be responsible for overseeing project implementation and for establishing and monitoring the work plan for the project. The Danube Governments will be requested to confirm their commitments to the Danube Task Force and to renew the mandate of the institutional arrangements proposed here. It will therefore be necessary to organise meetings of the Task Force. As the Task Force is expected to be closely involved in the review of the SAP, it is expected that four meetings of the Task Force will be required during the project period, of which two will be supported financially by the GEF project.

160. It is possible that during the period of the GEF project that responsibility for the implementation of the Strategic Action Plan will be transferred from the Danube Task Force to the equivalent body established under the framework of the Danube River Protection Convention (the Project Management Task Force, PMTF). Under these circumstances, responsibility for overseeing the implementation of this GEF project will also be transferred to the new PMTF.

161. The tasks to be undertaken are:

- Task A. Organise two meetings of the Task Force (or PMTF), including providing financial support as appropriate to support the attendance of GEF recipient countries. Responsible: PCU.

- Task B. Participate in discussions concerning the transfer of responsibility for the implementation of the SAP from the Task Force to the PMTF. Responsible: PCU

162. The output of this activity will be effective direction given to the implementation of project activities by the Danube countries, as recipients of the GEF project support.

### **Programme Coordination Unit**

163. The daily management of the GEF project will be carried-out by the Danube Programme Coordination Unit (PCU), located in the United Nations Vienna International Centre (Austria). The PCU is housed in facilities shared with the European Union's Phare Programme and the Interim Secretariat of the Danube River Protection Convention. All three parties are contributing to the costs (see also Cooperation between UNDP and EC above).

164. The PCU is responsible for the day to day management of the Danube Programme on behalf of the Task Force. The GEF staff of the PCU will also contribute to the general management of the Programme (e.g. reporting, preparing Task Force meetings, coordination) as well as carrying-out the specific tasks required to prepare the Pollution Reduction Programme.

165. To implement the GEF project component, staff will be recruited by UNOPS. In selecting the staff UNOPS will give priority to appropriately qualified candidates from GEF recipient countries in the Danube River Basin. The following staff are required:

- GEF Project Manager. A senior environmental specialist will manage the GEF project. The environmental specialist should have at least 15 years of relevant experience, of which a significant amount should have been in relation to Danube River Basin or Black Sea issues. Experience of working with international projects, especially with UNDP involvement, is also required. The project manager must be fluent in English (spoken and written) and knowledge of other basin languages would be an advantage.
- Environmental Specialist and Junior Professional. An Environmental specialist with at least 10 years experience will support the Project Manager in the implementation of the project. Experience in the Danube River Basin is important, as well as knowledge of financing and assessment procedures relevant to pollution reduction projects. The Environmental specialist must be fluent in English (spoken and written) and knowledge of other basin languages would be an advantage. In addition, a junior professional, to assist the Project Manager in his work, is highly desirable.
- Secretary. A secretary will be recruited through the United Nations Office in Vienna to support the Project Manager and Environmental Specialist.

Detailed TOR's for these staff members are given in appendix.

166. The PCU staff are expected to make extensive use of consultants in preparing and carrying-out the work of the GEF project. The PCU will give priority to selecting appropriately qualified consultants from countries in the Danube River Basin for such work.

## **Financing and Contracting arrangements**

167. UNOPS, based in New York, will be responsible for financial control of the GEF project implementation. UNOPS will make arrangements to enable to a maximum extent the decentralised management of the project, including providing the GEF Project Manager with authority to sign contracts up to a pre-determined limit. UNOPS will provide the GEF Project Manager with information on a regular basis (at least monthly) to enable the PCU to maintain a close record of all expenditures planned or made under the project. The GEF Project Manager will also report to the Task Force on the disbursement of funds under this project in order to ensure full transparency of action.

## **L. PROJECT REVIEWS, REPORTING & EVALUATION**

### **Availability of Reports**

168. All reports produced under the GEF Project will be held in the PCU library where access to visitors will be provided to the materials. The opportunity to photocopy relevant documents will also be provided to such visitors. Except in the (rare) cases where commercial confidentiality is involved, summaries of all reports will also be made publicly available through the Danube Programme Web site (see 3.2.1 above), with references to where further information can be requested.

169. The project will be subject to tripartite review (joint review by representatives of the Governments, executing agency and UNDP) after the first six months of implementation, and to a GEF annual PIR (Project Implementation Review). The executing Agency will prepare and submit to the tripartite review meeting a Project Performance Evaluation Report (PPER). Additional PPERs may be requested, as necessary, during the project implementation.

## **M. LEGAL CONTEXT**

170. For Bulgaria, Bosnia-Herzegovina, Croatia, Czech Republic, Hungary, Moldova, Slovakia, Slovenia, Fed. Rep. of Yugoslavia {Serbia and Montenegro} Romania, Ukraine (countries, which have signed the Standard Basic Assistance Agreement), the project document shall be the instrument referred to as such in Article 1 of the SBAA between these governments and the United Nations Development Programme, signed by the parties earlier. The host countries' implementing agencies shall, for the purpose of the SBAA, refer to the governments' cooperating agencies described in that Agreement.



**FIGURE 1 - MAP OF THE DANUBE RIVER BASIN [TO BE ADDED]**

FIGURE 2 - PLANNED IMPLEMENTATION OF PROJECT ACTIVITIES

Activities	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>OBJECTIVE 1</b>																	
1.1.1 Update 11 National Review																	
1.1.2 Prepare Bosnia-Herzegovina, FRY National Reviews				start date for this activity is uncertain													
1.1.3 Define National Baselines																	
1.2.1 Prioritise Hot-spots																	
1.2.2 Extend Danube Water Quality Model																	
1.2.3 Assess priority wetlands/ floodplains																	
1.2.4 Prepare social analysis of Danube pollution																	
1.2.5 Prepare draft Transboundary Diagnostic Analysis																	
1.2.6 Hold technical conference on transboundary pollution																	
<b>OBJECTIVE 2</b>																	
2.1.1 Prepare review of Strategic Action Plan																	
2.1.2 Hold Danube/ Black Sea Basin technical consultations																	
2.1.3 Hold Danube/ Black Sea Basin policy consultations																	
2.1.4 Prepare pollution reduction programmes																	
2.1.5 Integrate pollution reduction strategy into SAP																	
<b>OBJECTIVE 3</b>																	
3.1.1 Launch public-awareness programme																	
3.1.2 Hold stakeholder discussions on transboundary pollution																	
3.1.3 Distribute three editions of 'Danube Watch'																	
3.1.4 Support the Danube NGO Forum & national NGO meetings																	
3.1.5 Provide grants for community-based pollution reduction projects																	
3.2.1 Establish Danube Internet network																	
3.2.2 Update and disseminate DANIS																	
<b>OBJECTIVE 4</b>																	
4.1.1 Develop financing strategies for pollution reduction programmes																	
4.1.2 Prepare project documents for hot-spots																	
4.1.3 Prepare project documents for wetlands and floodplains projects																	
4.2.1 Assess feasibility of Danube Environmental Fund																	
4.2.2 Prepare legal basis, procedures, etc. for Danube fund(s)																	
4.3.1 Integrate project portfolio into SAP review																	
4.3.2 Adopt revised SAP at Ministerial Conference																	
4.3.3 Hold donor pledging conference/ facilitate PPC meeting																	

**TABLE 1 - POLLUTION REDUCTION PROGRAMME BUDGET**

	1997		1998		Total	Subtotal
	m.	\$	m.	\$		
<b>1.0. Project staff</b>						
1.1. CTA	8	75,000	8	75,000	150,000	
1.2. Junior advisor	8	50,000	8	50,000	100,000	
1.3. Secretary	8	30,000	8	30,000	60,000	
Staff total:						310,000
<b>2.0. Staff support</b>						
2.1. CPU operating expenses	8	70,000	8	70,000	140,000	
2.2. Office overheads	8	55,000	8	55,000	110,000	
2.3. Staff travel	8	75,000	8	75,000	150,000	
Support total:						400,000
Total:						710,000
<b>3. Activities</b>						
<b>3.1. Objective 1</b>						
3.1.1. Update national reviews	5	300,000			300,000	
3.1.2. Prepare BH, FRY reviews	4	100,000	8	200,000	300,000	
3.1.3. Define national baselines	5	300,000			300,000	
3.1.4. Prioritize hot spots	3	80,000			80,000	
3.1.5. Extend WQ model	1	50,000	2	50,000	100,000	
3.1.6. Assess wetlands	4	100,000			100,000	
3.1.7. Social analysis			2	60,000	60,000	
3.1.8. Draft TDA			2	50,000	50,000	
3.1.9. Technical conference			1	60,000	60,000	
Subtotal objective 1:						1,350,000
<b>3.2. Objective 2</b>						
3.2.1. Review SAP			4	40,000	40,000	
3.2.2. D/BS technical consultations			3	30,000	30,000	
3.2.3. D/BS policy consultations			3	35,000	35,000	
3.2.4. Pollution reduction programs			4	40,000	40,000	
3.2.5. Integrate into SAP			1	25,000	25,000	
Subtotal objective 2:						170,000
<b>3.3. Objective 3</b>						
3.3.1. Public Awareness			4	150,000	150,000	
3.3.2. Stakeholder discussions	2	20,000	4	60,000	80,000	
3.3.3. Danube watch	8	50,000	8	50,000	100,000	
3.3.4. NGO Forum	8	40,000	8	40,000	80,000	
3.3.5. Small grants	1	50,000	4	150,000	200,000	
3.3.6.1. Danube on internet	8	30,000	8	30,000	60,000	
3.3.6.2. Update DANIS	1	10,000	6	60,000	70,000	
Subtotal objective 3:						740,000
<b>3.4. Objective 4</b>						
3.4.1. Financing pollution reduction			2	310,000	310,000	
3.4.2. Documents on hot spots			2	180,000	180,000	
3.4.3. Documents on wetlands			2	180,000	180,000	
3.4.4. Feasibility Danube fund (DF)			3	60,000	60,000	
3.4.5. Legal basis for DF			2	60,000	60,000	
3.4.6.1. Integrate portfolio in SAP review			2	60,000	60,000	
3.4.6.2. Adopt revised SAP			2	40,000	40,000	
3.4.6.3. Hold pledging conference			2	40,000	40,000	
Subtotal objective 4:						930,000

## ANNEX 2

### Standard Text: Supplemental Provisions to the Project Document: The Legal Text

#### General responsibilities of the Government, UNDP and the executing agency

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project, the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any custom duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary, after delivery to the project site.
7. The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.
8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.

9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.

10. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.

11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the executing agency

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.

2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager a/ who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.

3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.

4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.

5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.

6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.

7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.

8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.

a/ May also be designated Project Co-ordinator or Chief Technical Adviser, as appropriate.

9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.

10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

#### Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.

2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.

3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:

(a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;

(b) Be immune from national service obligations;

(c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;

(d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project; and

(e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.

4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.

5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:

(a) The salaries or wages earned by such personnel in the execution of the project;

(b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;

© Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and

(d) As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall ensure:

(a) prompt clearance of experts and other persons performing services in respect of this project; and

(b) the prompt release from customs of:

(i) equipment, materials and supplies required in connection with this project; and

(ii) property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.

7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice

and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.

8. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

9. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

#### Suspension or termination of assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgement of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.

2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.